

June 4, 2010

Dear: FCC Commissioners;

According to a filing by Sorenson Communication¹, Sorenson is claiming that the multi-tier rate proposed by FCC will bankrupt the company.

Is it FCC's own fault for this scenario?

I would say NO. It is due to Sorenson's sponsor/owner's actions which have caused Sorenson to incur 1.545 billion dollars in debt.

They have forced themselves into this position due to several refinancing deals. According to one source, in January 2010, Sorenson arranged a deal...

*"The deal follows the videophone technology provider's successful covenant amendment last month that gave it permission to issue new debt to refinance existing second lien and holdco PIK debt and to fund a dividend to sponsor GTCR Golden Rauner, as previously reported.... The company will use proceeds from the 144A bond offering along with USD 51.2m of available cash to repay USD 319.7m of second lien term debt, USD 257.9m of the PIK holdco loan, and make a USD 178.9m equity distribution,..."*²

Let's do the math... **Sorenson financed \$735 million dollars and paid the owners \$178.9 million in dividends. GTCR Golden Rauner earned 24.3% in profit payment out of that refinancing deal in January.**

The idea of the Federal Communication Commission allowing Sorenson to use TRS Fund to help profit (GTCR Golden Rauner) and forcing Sorenson into a deeper leveraged debt of \$1.545 billion dollars does not excite me at all.

I would strongly urge FCC to mandate GTCR Golden Rauner to bail Sorenson out since they are the beneficiary and underwriters of Sorenson's actions to refinance or leverage themselves into a \$1.545 billion debt.

The TRS Fund (public funded by phone companies) should not bear this expense. This deal represented a transfer of wealth from public-phone bill tax funds to investors. So, I am urging FCC to stand firm regarding the multi-tier rate plan that they have proposed.

Please do not fall into Sorenson's trap of trying to convince FCC to do the WRONG thing.

Thank you,



Jon Ziev

Deaf Consumer

Email: Usfjon@aol.com

PH: 321-229-2172 Fax: 321 282-0158

Post Office Box 138002, Clermont, FL 34713

¹ Exhibit 1: Sorenson-view.PDF

² Exhibit 2: Sorenson Debtwire.pdf page 3 (Jan 5, 2010 article)

³ Exhibit 3: Different news article documenting Sorenson's leveraged plans

Exhibit 1

399 PARK AVENUE
5TH FLOOR
NEW YORK, NEW YORK 10022

MOELIS & COMPANY

T 212.883.3800
F 212.880.4260

Scott Sorensen
Chief Financial Officer
Sorenson Communications, Inc
4192 South Riverboat Road
Salt Lake City, Utah 84123

Dear Scott:

At your request we have prepared the attached analysis of the per minute Video Relay Service rates that will be necessary for the next three years for Sorenson Communications, Inc. to remain in compliance with its debt covenants (the "Minimum Rates"). We have thoroughly examined all of Sorenson's obligations going forward, its expenses and sources of revenue, and have focused particularly on the covenants in Sorenson's debt agreements.


The Minimum Rates we describe are the minimum rates that are necessary for Sorenson to avoid covenant default. We have assumed that Sorenson will continue to provide videophones to deaf customers, will maintain speed of answer at the current level, will continue outreach to the unserved deaf, and will continue to provide service to new deaf customers.

In the attached chart, we show (i) Sorenson's current leverage covenants (Total Debt/EBITDA); (ii) the Minimum Rates necessary for the company to continue operating without violating its covenants; and (iii) the leverage ratios under the proposed Tier III rate of \$3.89. To be clear, the Minimum Rates describe the rates necessary to avoid a covenant violation; a prudent management team would be extremely unlikely to operate the business as currently structured because even a minor change outside of management's control could trigger a covenant violation.

As you know, in the event of a default due to rate reductions, it is extremely likely that the Company would end up in bankruptcy. The contractual relationship between the company and its lenders cannot simply be changed; material changes require agreement by 100% of the lenders, something that would be extremely unlikely in the current regulatory climate.

Sincerely,

By:


Name: Jared Dermont
Title: Managing Director

NEW YORK • BOSTON • CHICAGO • LONDON • LOS ANGELES • SYDNEY

REDACTED - FOR PUBLIC INSPECTION

Exhibit 2

**04-May-10
18:21**

**Sorenson to fight FCC on reimbursement cuts;
company could restructure debt if proposed rates
stand – sources**

Story:

Sorenson Communications attempted to calm investors with optimism on a Goldman Sachs-led call yesterday as market panic crushed the company's capital structure, said three sources familiar with the matter.

Sorenson plans to use a three-pronged attack to encourage the Federal Communications Commission (FCC) to revise its proposed video relay service (VRS) reimbursement rates, the sources said. The company will employ a strategy successfully used in previous negotiations that involved meeting with the FCC directly, asking Senators to apply political pressure on behalf of the industry, and encouraging customers to call and voice their concerns, they said.

Public comments are due to the FCC by 14 May, while the new rates are set to begin on 1 July. While the commission's endorsement of the proposal is only the first step in the process, executives said yesterday that Sorenson could need to restructure its debt load if the three-year rate reset is implemented as proposed, the sources noted.

A company spokesperson declined to comment on the matter. Goldman Sachs did not return calls.

Sorenson Communications, the leading VRS provider for hearing impaired individuals who communicate telephonically using sign language, has 75% market share, according to one of the sources.

Last Friday (30 April) the FCC proposed a VRS rate range of USD 3.89 per minute to USD 5.77 per minute based on number of monthly minutes, a dramatic drop from a previous range of USD 6.30 per minute to USD 6.77 per minute, the sources said. The lowest rate applies to usage over 500,000 minutes, and is therefore the relevant reimbursement for Sorenson given its size.

The new levels were devised on a historical cost basis rather than on projected costs, as they have been in the past. During the last VRS rate setting cycle in 2007, management said yesterday that the FCC had originally proposed a range of USD 4.34 per minute to 5.49 per minute, before revising it up to USD 6.30 per minute to 6.77 per minute, according to the sources.

Furthermore, management said that rates would need to be set above USD 4.90 per minute through the three-year cycle in order for the company to service its debt and maintain EBITDA just above USD 140m, the sources continued. However, covenant compliance would be under pressure at that level, the sources said. The company currently has USD 80m of cash on hand, with monthly cash flow of USD 10m, they added.

However, more bearish estimates suggest TTM EBITDA could drop from USD 240m to USD 100m if the rate cut holds, as previously reported. Assuming interest and capex continue to run at USD 130m, the company could start to burn cash quickly, as reported.

Sorenson's USD 735m 10.5% senior secured second

**Dealscope potential activity
analysis**

Topics:

[Committee Activity](#)

[Government/Regulatory](#)

Issuer	Sorenson Communications	Intel
Private Equity House	GTCR Golder Rauner LLC	Intel
Joint book-runner	Goldman Sachs	Intel
Joint book-runner	Morgan Stanley	Intel
Other	Ares Capital Corp	Intel
Other	Sorenson Communications (MBO Vehicle)	Intel

**Sorenson Communications is in Lev.
Loan/High Yield**

Balance
Sheet & Docs

[Suggest Tear Sheet](#)

Debtwire only provides Tear Sheet on companies that have public financial statements

lien bond due 2015 retraced to around 56 today after falling to the high 40s yesterday from 96-97 last week, said a buy-side source. The company's USD 810m Libor+ 250bps first lien term loan was quoted in the 87-90 area today, the same source said. The loan was bid at 85.5-87.75 yesterday versus 98 prior to the rate news.

As reported, Goldman Sachs and Morgan Stanley led Sorenson's second lien bond deal to market in January after lenders gave the company permission to issue new debt to refinance existing second lien and holdco PIK debt and to fund a USD 178.9m dividend to sponsor GTCR Golden Rauner. The bond was priced at 98.101 to yield 11%.

by Tibita Kaneene

Source: Debtwire

Intel. Grade: Strong evidence

Intelligence ID: 974635

**03-May-10
16:29**

Sorenson Communications to host lender call at 5pm EDT today after debt craters on reimbursement rate cut fears

Story:

Sorenson Communications is hosting a call for lenders at 5pm EDT today to address concerns over a Federal Communications Commission ruling from Friday (30 April) that recommended a significant cut to the communications service provider's reimbursement rate, said two buy-siders.

Sorenson's bank debt and bonds tanked today as investors worried the FCC rate reset could reduce the company's government reimbursement rate by as much as 45% starting 1 July, said several market participants.

Sorenson's USD 735m senior secured second lien bond due 2015 fell to the 63-68 range today from the 96-97 level last week, said the sources. Its Libor+ 250bps first-lien USD 810m term loan was quoted in the 85.5-87.75 range today, down from the 98 bid area, they said.

As reported, Sorenson provides communication services to individuals who are hard of hearing or deaf. These individuals do not pay for the services, but rather the government reimburses Sorenson for the minutes it provides to this segment of the population. While the FCC was expected to recommend a reduction to the reimbursement rate, the magnitude of the proposed cuts were much worse than many investors assumed, said the sources. A comment period on the ruling is still forthcoming, said the sources.

The existing reimbursement rate being applied to Sorenson is USD 6.24 per minute, said a third buy-sider. Under the proposed cut, the rate would be reduced to USD 3.90 per minute, he said. If the rate cut holds, TTM EBITDA could go from USD 240m to a USD 100m range, he said. Assuming interest and capex continue to run at USD 130m, the company could start to burn cash quickly, he said. Pro forma, leverage through the first lien and second lien debt would balloon to 6x and 14x, respectively from 3x and 6x, said the buy-sider.

Dealscope potential activity analysis

Topics:

Primary New Issuance

Issuer	Sorenson Communications	Intel
Private Equity House	GTCR Golder Rauner LLC	Intel
Joint book-runner	Goldman Sachs	Intel
Joint book-runner	Morgan Stanley	Intel
Other	Ares Capital Corp	Intel
Other	Sorenson Communications (MBO Vehicle)	Intel

Sorenson Communications is in Lev. Loan/High Yield

Balance Sheet & Docs

Suggest Tear Sheet

Debtwire only provides Tear Sheet on companies that have public financial statements

As reported, Goldman Sachs and Morgan Stanley led the second lien bond deal in January after lenders gave Sorenson permission to issue new debt to refinance existing second lien and holdco PIK debt and to fund a USD 178.9m dividend to sponsor GTCR Golden Rauner. The company has yet to make its first coupon on the second lien bond, said one of the buysiders.

Company officials did not return requests for comment. A Goldman Sachs official declined comment.

by Andrew Johnson, Aja Whitaker-Moore and Hema Oza

Source: Debtwire
Intel. Grade: Strong evidence
Intelligence ID: 973912

05-Jan-10 12:10 **Sorenson Communications follows up amendment with new USD 735m secured bond to repay debt, fund dividend**

Story: Sorenson Communications is in the market today with a new USD 735m senior secured second lien bond due 2015, according to two sources. Goldman Sachs and Morgan Stanley are serving as joint book-running managers with co-manager Deutsche Bank Securities.

The deal follows the videophone technology provider's successful covenant amendment last month that gave it permission to issue new debt to refinance existing second lien and holdco PIK debt and to fund a dividend to sponsor GTCR Golden Rauner, as previously reported. Sorenson also asked lenders to eliminate step-downs to its existing leverage covenants.

The company will use proceeds from the 144A bond offering along with USD 51.2m of available cash to repay USD 319.7m of second lien term debt, USD 257.9m of the PIK holdco loan, and make a USD 178.9m equity distribution, the sources said.

Sorenson's USD 694.5m Libor +400bps first lien term loan is quoted today at 95.5-96.875, according to Markit. The second lien is quoted at 98-100, while the holdco is quoted at 93.583-95.583.

Calls to the company were not immediately returned.

by Aja Whitaker-Moore and Hema Oza

Source: Debtwire
Intel. Grade: Strong evidence
Intelligence ID: 915074

17-Dec-09 18:24 **Sorenson lenders accept amendment after one more fee boost, improved cash flow sweep**

Story: Sorenson Communications' finally cleared its covenant amendment with a final round of tweaks, said two lenders. An ad hoc group of first lien lenders relented

Dealscope potential activity analysis

Topics:

[Primary New Issuance](#)

Issuer	Sorenson Communications	Intel
Private Equity House	GTCR Golder Rauner LLC	Intel
Joint book-runner	Goldman Sachs	Intel
Joint book-runner	Morgan Stanley	Intel
Other	Ares Capital Corp	Intel
Other	Sorenson Communications (MBO Vehicle)	Intel

Sorenson Communications is in Lev. Loan/High Yield

Balance Sheet & Docs

[Suggest Tear Sheet](#)

Debtwire only provides Tear Sheet on companies that have public financial statements

Dealscope potential activity analysis

Topics:

[Covenant Negotiation](#)

after the company came back with the requested changes following push back, they said.

Following a Monday (14 December) rejection on the amendment, Sorenson solicited feedback from investors and decided to double its fee to 100bps and improve its excess cash flow in order to push the deal through.

Sorenson is now allowed to issue new debt to refinance existing second lien and holdco PIK debt and to fund a dividend to sponsor GTCR Golden Rauner, as previously reported. Sorenson also asked lenders to eliminate step-downs to its existing leverage covenants, as reported. First liens are receiving a 150bps increase in pricing to L+ 400bps and the addition of a 2% floor for their effort, as reported.

Sorenson altered its cash sweep so it now steps down to 50% only if leverage falls to 4.5x, as reported. Sorenson is currently 6.2x levered. A tweaked proposal with those specific changes was sent out yesterday morning (16 December) and that iteration passed just before yesterday's 12 noon EST deadline, specified one of the lenders.

Sorenson can now issue a new USD 735m second lien tranche to take out its existing USD 320m Libor+ 700bps second lien term loan due 2014 and USD 215m of PIK notes due 2014 at the holding company level,. That would result in a USD 200m sponsor dividend payment, but if the company raises the maximum USD 750m the dividend would increase to USD 215m.

Sorenson's USD 695m L+ 250bps first lien term loan due 2013 is quoted at 94.69 today, its USD 320m second lien term loan at 98 but thinly traded, and its holdco USD 258m PIK notes at 91.167, according to Markit.

Agent bank Goldman Sachs, Sorenson and GTCR officials did not respond to requests for comment.

Source:

Debtwire

Intel. Grade:

Strong evidence

Intelligence ID: 910011

Issuer	Sorenson Communications	Intel
Private Equity House	GTCR Golder Rauner LLC	Intel
Other	Goldman Sachs	Intel
Other	Ares Capital Corp	Intel
Other	Sorenson Communications (MBO Vehicle)	Intel

Sorenson Communications is in Lev. Loan/High Yield

Balance Sheet & Docs

Suggest Tear Sheet

Debtwire only provides Tear Sheet on companies that have public financial statements

**15-Dec-09
19:49**

Sorenson lenders snub revised amendment proposal; company weighs additional changes, sources say

Story:

Sorenson Communications' stalled amendment effort had agent Goldman Sachs knocking on doors today seeking to push the proposal over the goal line, said three lenders. An ad hoc group of first lien lenders rejected the media technology firm's latest overture at yesterday's 4 PM EST deadline, said the sources.

The amendment would have permitted Sorenson to issue new debt to refinance existing second lien and holdco PIK debt and to fund a USD 250m dividend to sponsor GTCR Golden Rauner. Sorenson also asked lenders to eliminate step-downs to its existing leverage covenants.

The company is expected to come back tonight or tomorrow with revised terms and a new deadline based on feedback Goldman collected today, said one

Dealscope potential activity analysis

Topics:

Covenant Negotiation

Issuer	Sorenson Communications	Intel
Private Equity House	GTCR Golder Rauner LLC	Intel
Other	Goldman Sachs	Intel
Other	Ares Capital Corp	Intel
Other	Sorenson Communications (MBO Vehicle)	Intel

of the lenders. Sorenson is considering doubling the amendment fee again to 100bps and improving the excess cash flow sweep, he said.

Currently, the sweep steps down to 50% if total leverage decreases to 5.5x, and Sorenson may sweeten the amendment by lowering the trigger to 4.5x, he said. Sorenson is currently 6.2x levered, he added.

After failing to muster enough support by an initial 11 December deadline, Sorenson lowered its dividend request by USD 35m, as reported.

According to the yesterday's spurned proposal, Sorenson could issue a new USD 735m second lien tranche to take out its existing USD 320m Libor+ 700bps second lien term loan due 2014 and USD 215m of PIK notes due 2014 at the holding company level, as reported. That would result in a USD 200m sponsor dividend payment, but if the company raises the maximum USD 750m the dividend would increase to USD 215m, as reported.

First liens would receive a 150bps increase in pricing to L+ 400bps and the addition of a 2% floor for their consent, as reported.

Sorenson's USD 695m L+ 250bps first lien term loan due 2013 is quoted at 94.4, its USD 320m second lien term loan at 96.25, and its holdco USD 258m PIK notes at 91.167, according to Markit.

Goldman, Sorenson and GTCR did not respond to requests for comment.

by Andrew Johnson, Hema Oza and Kate Laughlin

Source:

Debtwire

Intel. Grade:

Strong evidence

Intelligence ID: 908816

**14-Dec-09
19:25**

**Sorenson doubles amendment consent fee,
lowers dividend request amid lender pushback**

Story:

Sorenson Communications revised the terms of its multi-faceted amendment after an ad hoc group of first lien lenders blocked the request last week, said two lenders and a trader. Consents for the revised proposal were due at 4PM EST today, the lenders said.

The media technology firm launched a proposal to its first lien holders via Goldman Sachs two weeks ago, seeking their approval to issue new second lien opco debt to repay existing second lien term loan and holdco PIK notes at par, as previously reported. Sorenson also asked for permission to fund up to a USD 250m dividend to sponsor GTCR Golden Rauner and eliminate step-downs to its existing leverage covenants.

After failing to pass by the initial 11 December (Friday) deadline, Sorenson lowered its dividend request by USD 35m and is now asking lenders for the ability to pay up to a USD 215m dividend, the lenders said. The issuer is also seeking permission for a par takeout of its second lien and holdco debt with the proceeds of up to USD 750m in new second lien debt, they said. The financial covenant reset request remains the same.

**Sorenson Communications is in Lev.
Loan/High Yield**

Balance
Sheet & Docs

Suggest Tear Sheet

Debtwire only provides Tear Sheet on companies that have public financial statements

**Dealscope potential activity
analysis**

Topics:

Covenant Negotiation

Issuer	Sorenson Communications	Intel
Private Equity House	GTCR Golder Rauner LLC	Intel
Other	Goldman Sachs	Intel
Other	Ares Capital Corp	Intel
Other	Sorenson Communications (MBO Vehicle)	Intel

**Sorenson Communications is in Lev.
Loan/High Yield**

Balance
Sheet & Docs

Suggest Tear Sheet

Debtwire only provides Tear Sheet on companies that have public financial statements

The current proposal envisions Sorenson issuing a new USD 735m second lien tranche to take out its existing USD 320m Libor +700bps second lien term loan due 2014 and USD 215m of PIK notes due 2014 at the holding company level, one of the lenders specified. That would result in a USD 200m sponsor dividend payment, but if the company raises the maximum USD 750m the dividend would increase to USD 215m, he added.

The company has doubled its consent fee to 50bps, the lenders said. Unchanged from the initial request, first liens would also receive a 150bps increase in pricing to L +400bps and the addition of a 2% floor for their consent.

Whether the tweaks are sufficient enough to sway the opposing vote remains to be seen, the lenders said. Ares Capital, a significant cross holder of the first and second lien loans, was rumored to be against the initial dividend payment but is now in support of the revised amendment, they said.

In addition to the dividend, one of the bigger issues agitating the core group of dissenting first liens is "effectively the seconds and the holdcos are getting par and they don't feel like the changes they are offered will get the first liens to trade at par," one of the lenders said. The first liens could push for a paydown and grid-based pricing so that if there is a ratings downgrade, the price on the loans would go up, he said.

Sorenson's USD 695m L+250bps first lien term loan due 2013 was last quoted at 94.5, half a point down from last week, according to Markit. The company's USD 320m second lien term loan was last quoted at 96.25, down three quarters of a point from last week but up from the low 90s prior to the amendment proposal. Its holdco USD 258m PIK notes were last quoted at 91.167-93.5.

Ares and agent bank Goldman Sachs did not return calls seeking comment. Officials from Sorenson and GTCR did not return requests for comment.

by Hema Oza and Kate Laughlin

Source:

Debtwire

Intel. Grade:

Strong evidence

Intelligence ID: 908128

**10-Dec-09
14:17**

Sorenson Communications amendment request for dividend meets lender opposition, sources say

Story:

Sorenson Communications' first lien lenders are pushing back against the company's amendment request to make sweeping changes to its capital structure and fund a dividend to sponsor GTCR Golden Rauner, said two sources familiar with the situation.

The videophone technology provider, which markets its products primarily to the hard of hearing, is asking lenders to approve an amendment that would allow it to issue new opco debt to repay its existing second lien term loan and holdco PIK notes. The amendment request would also allow the company to fund a dividend to the sponsor and reset existing leverage covenants, said the two sources.

Dealscope potential activity analysis

Topics:

Covenant Negotiation

Issuer	Sorenson Communications	Intel
Private Equity House	GTCR Golder Rauner LLC	Intel
Other	Goldman Sachs	Intel
Other	Sorenson Communications (MBO Vehicle)	Intel

Currently, Sorenson's capital structure consists of a USD 695m Libor +250bps first lien term loan due 2013, a USD 320m L +700bps second lien term loan due 2014 and an undrawn USD 20m revolver due 2012 at the operating company level and USD 258m of PIK notes due 2014 at the holding company level, the sources explained.

Sorenson is proposing to take out the second lien and holdco PIK notes at par with a new opco second lien tranche, they said. The new debt would likely come in the form of a notes offering, as opposed to a term loan, they said. While management conveyed their intent to pay USD 200m to the sponsor, the amendment documents give the company the ability to dividend up to USD 250m, the first source noted.

Because the new deal would result in increased leverage at the operating company level, the communications provider is also seeking to reset its leverage covenant, the sources added. Under the current credit agreement, Sorenson's leverage covenant is set at 7x, with a step-down to 6.55x at year-end, the first source said. The company is asking lenders to eliminate the step-down, both sources said.

In exchange for their approval, the first lien lenders are being offered a 25bps consent fee, a 150bps increase in pricing to L +400bps and the addition of a 2% floor, the sources said. Agent Goldman Sachs has set the commitment deadline for 4PM EST today.

The company's request, however, is being met with strong objections from some lenders and the deadline could end up being pushed back, the sources agreed. "If you add in the USD 200m proposed dividend, that would bring the total the sponsor has taken out of this company to USD 800m, which is astounding," said the first source familiar, highlighting the lender group's main point of contention. Senior management of the company teamed up with GTCR Golder Rauner LLC to complete the buyout in 2005.

Goldman is banking on the fact that there are many cross-over lenders in the first and second lien that would support a par paydown, but these lenders are not near-sighted, the first source argued. "There is no way to know where the new second lien is going to price," he said. "In fact lenders won't know the impact of the second lien until some time after this amendment has been signed." Leverage is expected to increase by slightly more than half a turn to 6.2x as a result of the new debt offering, the source estimated, but "the impact for interest coverage here is a big question mark," he said.

Another factor adding to lender concern is the potential of a rate reset that would impact Sorenson's revenue stream, the first source added. The company provides communication services to individuals who are hard of hearing or deaf, the source explained. These individuals do not pay for the services, but rather the government reimburses Sorenson for the minutes it provides to this segment of the population, he said. In June 2010, the government is scheduled to reset the rates for what Sorenson gets paid. "No one disputes the reimbursement rates are going to go down, but by how much, we don't know," the source said.

Sorenson Communications is in Lev. Loan/High Yield

Balance
Sheet & Docs

Suggest Tear Sheet

Debtwire only provides Tear Sheet on companies that have public financial statements

The dissenting lenders are aiming to limit the dividend and asking for better pricing, the first source said. They are also looking for added protection from the potential impact of performance decline or a ratings downgrade, perhaps in the form of a first lien leverage test, the source said.

Sorenson's USD 695m first lien term loan was last quoted at 95, while its USD 320m second lien term loan was last quoted at 97, up from the low 90s prior to the amendment proposal, said the first source. The holdco USD 258m PIK notes were last quoted at 88.5-90.5, according to Markit.

Officials from Sorenson and GTCR did not return requests for comment. Goldman Sachs declined comment.

by Hema Oza and Sharon Adams

Source:

Debtwire

Intel. Grade:

Strong evidence

Intelligence ID: 906515

**04-Oct-05
14:31**

Sorenson Communications sold in GTCR Golder Rauner-backed MBO for undisclosed price

Story:

Sorenson Communications has been sold to the management, according to a company press release. The management of Sorenson Communications, the US based media technology company, has acquired the company, backed by GTCR Golder Rauner LLC, the US based private equity firm, for an undisclosed consideration. The members of senior management team of Sorenson will retain meaningful ownership positions in the company and Sorenson will retain its name and headquarters. Sorenson currently has about 150 employees. The transaction is expected to close in November 2005.

Source:

Company press release(s)

Intel. Grade:

Confirmed

Intelligence ID: 238618

Dealscope potential activity analysis



Sorenson Communications Intel

Financial advisor

Lehman Brothers Intel



GTCR Golder Rauner LLC Intel



Sorenson Communications (MBO Vehicle) Intel

Sorenson Communications is in Lev. Loan/High Yield

Balance Sheet & Docs

Suggest Tear Sheet

Debtwire only provides Tear Sheet on companies that have public financial statements

Exhibit 3

Published: May 4, 2010 3:37 PM

Sorenson bonds plunge further, loans rebound after NECA rate cuts

Bonds and loans backing **Sorenson Communications** continue to be extremely volatile a day after plunging 20-40 points on news the National Exchange Carrier Association (NECA) cut reimbursement rates to providers of services to the hearing-impaired. The largest reductions were aimed at the biggest providers, which include Sorenson, and are expected to draw heavily on company earnings, given the fixed-cost nature of the businesses, sources said.

Sorenson term debt (L+250) has recovered to 90/91 this afternoon, from 85/88 at today's open and an 81 context yesterday. The loan had been quoted at 98.5/99.5 prior to the announcement.

The bonds bounced, too, but remain at severely distressed levels. Sorenson 10.5% first-lien notes due 2015 traded as low as 46, versus 65/75 markets yesterday and 97/98 before the news. Levels settled in the high 50s this afternoon. The 144A-for-life paper is a sizeable, \$735 million issue that was allocated at 98.1 in January via Goldman Sachs and Morgan Stanley.

At time of issue, it was disclosed to potential investors that the reimbursement rates were regularly reviewed and could change on June 30, according to sources. Regardless, the unrated bond deal was received in market with terms at the middle of talk, and proceeds were earmarked to pay down second-lien term debt and a PIK holdco loan, as well as fund a dividend to the sponsor, GTCR Golder Rauner.

There was the issue. Opponents argued the transaction represented a transfer of wealth from the public – phone bill taxes fund the reimbursements – to the private equity firm via the planned equity distribution. And news that the GTCR-controlled firm was leveraging the company for a special payment was not well received in Washington, according to sources.

These types of firms are “not about making people rich,” but are “about providing a public service,” to citizens who are deaf and hearing-impaired, according to an analyst.

The payment formulas and funding estimates for the Interstate Telecommunications Relay Services (TRS) Fund from July 1, 2010 through June 30, 2011 was put up for review on April 30, according to FCC documents. Proposed compensation rates would apply to Speech-to-Speech Services (STS), Captioned Telephone Services (CTS), Internet Protocol (IP) CTS, IP Relay and Video Relay Services (VRS).

The Consumer and Governmental Affairs Bureau is seeking comments as to whether the Commission should adopt NECA's rates for the 2010-11 period. Comments are due in mid-May, with reply comments due on May 21.

Sorenson Communications, which is controlled by GTCR Golder Rauner, provides video-relay services and equipment for the deaf and hard-of-hearing community. The sponsor took an initial interest in October 2005 and funded an initial dividend with proceeds from the PIK holdco loan in 2008. – **Matt Fuller/Krista Giovacco**

LCDD info: marc_auerbach@sandp.com



Follow LCD News on Twitter



Join the Leveraged Loan Group on LinkedIn

Connect with LCD



LCD News on Twitter



Lev. Loan Group on LinkedIn



Video market wrap-ups: Subscribe to LCD's YouTube Channel



add headlines to your iGoogle page



add headlines to your myYahoo page

For All LCD News Stories, login, above or contact **Marc Auerbach** 212 438-2703.